

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-407-C - ORDER NO. 2006-167
MARCH 17, 2005

IN RE: Application of Sprint Long Distance, Inc. for Authority to Provide Resold and Facilities Based Competitive Local Exchange Service) ORDER GRANTING) MOTION FOR) EXPEDITED REVIEW) AND APPLICATION FOR) AUTHORITY TO) PROVIDE LOCAL) EXCHANGE SERVICE
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This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Sprint Long Distance, Inc. ("Sprint" or "the Company") requesting a Certificate of Public Convenience and Necessity to provide local exchange service in South Carolina. Sprint is already authorized to provide resold interexchange service within the State of South Carolina. By this Application, the Company seeks authorization to offer facilities based and resold competitive local exchange service to residential and business customers in South Carolina.

The Commission's Docketing Department instructed Sprint to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. Sprint complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Protests or Petitions to Intervene were received. Sprint additionally seeks waiver of the regulatory requirements that it be required to keep its books and records in South Carolina, the requirement that it be required to publish and

distribute telephone directories, and the filing of maps showing the Company's certificated area and/or exchange service area(s). Sprint further requested in its Application that it be allowed to use Generally Accepted Accounting Principles ("GAAP") for its record keeping and reporting and for a waiver of any of the Commission's reporting requirements.

On January 19, 2006, this Commission issued Order No. 2006-4, which appointed a hearing examiner to hear this case.

On February 27, 2006, Sprint, through its attorney, filed a Motion for Expedited Review, along with the verified testimony of C. Steve Parrott, State Executive for North and South Carolina. Documentation was provided evidencing that the Company possesses the financial, operational, and managerial resources required to provide high quality local exchange telecommunications service at competitive rates, terms and conditions. A Certificate for long distance authority was issued by this Commission in December, 2005, through Order No. 2005-869. On March 3, 2006, Sprint also filed, through its attorney, a Settlement Agreement with the Office of Regulatory Staff. This Agreement is attached hereto as Order Exhibit 1.

FINDINGS OF FACT

1. Sprint is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Sprint was authorized to operate as a reseller of interexchange services in South Carolina by a prior Order of this Commission and now wishes to expand its service in South Carolina to include local exchange telecommunications services.

3. The Commission finds that Sprint possesses the necessary experience, capability, and financial resources to provide local exchange telecommunications in South Carolina. S.C. Code Ann. Section 58-9-280(B)(1).

4. The Commission further finds that Sprint will provide communications services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280(B)(2).

5. The Commission finds sufficient facts to support the Company's request to utilize GAAP to maintain its books of accounts.

6. The Commission finds that the Company has additionally established sufficient facts and cause to warrant its exemption from the Commission's requirement to publish local exchange directories and service area maps. In addition, we approve a waiver of the requirement that all company records be kept within the State of South Carolina.

7. The Commission finds that the provision of local exchange service by Sprint will not adversely impact the availability of local exchange service, will support universally available telephone service at affordable rates, and will not adversely impact the public interest. S.C. Code Ann. Section 58-9-280(B)(3), (4) & (5).

8. The Commission finds that the Motion for Expedited Review should be granted, and the terms of the Settlement Agreement between Sprint and ORS are reasonable and should be adopted.

CONCLUSIONS OF LAW

1. Sprint's request for expedited review is granted on the basis of the facts as stated in this Order and under the authority of Commission Regulations 103-820 and 103-840.

2. Based on the above findings of fact, the Commission concludes Sprint should be granted a Certificate of Public Convenience and Necessity to provide competitive facilities-based and resold intrastate local exchange services to customers located in South Carolina.

3. Sprint shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with the Office of Regulatory Staff and comporting with South Carolina law.

4. With regard to Sprint's service offerings, the Commission adopts a flexible local exchange rate structure first authorized by Order No. 98-165 in Docket No. 97-467-C, which was previously approved for Sprint Communications Company, L.P. in Order No. 2003-383 in Docket No. 2003-150-C. Specifically, Sprint shall utilize a competitive rate structure incorporating maximum rate levels with the flexibility for rate adjustment below the maximum rate levels; and presume that Sprint's tariff filings for local exchange services be valid upon filing, subject to the Commission's authority, within 30 days, to institute an investigation of such filings. At the discretion of the

Commission such filings may be suspended pending further Order of the Commission and any such filings may be subject to the same monitoring process as the Commission applies to other similarly situated carriers.

5. Sprint is further required to comply with, in accordance with its Application and under Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs UCN to contact the appropriate authorities regarding 911 service in the counties and cities where the company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning local telephone service in South Carolina. Accompanying this Order is a memo from the State 911 Office of the Office of Research & Statistics of the South Carolina Budget and Control Board. This memo provides information about contacting County 911 Coordinators. By this Order and prior to providing local telephone services in South Carolina, UCN shall contact the 911 coordinator in each county (and city where the city has its own 911 system) and shall provide information regarding the Company's operations as required by the 911 system.

6. Sprint shall resell the services of only those LECs authorized to do business in South Carolina by this Commission. If Sprint changes underlying carriers, it shall notify the Commission in writing.

7. Sprint is required to file annual report information. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's website at www.psc.sc.gov/reference/forms.asp. This form is entitled "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at <http://www.regulatorystaff.sc.gov/>, and the appropriate form is entitled "Gross Receipts Form."

8. The Company shall continue to maintain an authorized utility representative who must be prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. Further, the Company shall promptly notify the Commission in writing if the representative(s) is replaced. The form Sprint is required to use by which to file the authorized utility representative information may be found at the Commission's website at www.psc.sc.gov/reference/forms.asp. This form is entitled "Authorized Utility Representative Information." Sprint shall also file with the Commission a copy of its general bill form for the additional service authorized by this Order as required by S.C. Code Ann. Regs. 103-612.2 and 103-622.

9. Sprint shall conduct its business in compliance with Commission decisions and Orders, both past and future, including, but not limited to, any and all

Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

10. By its Application, Sprint requested a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 2004). In lieu of publishing local directories, Sprint informs the Commission that if, and when, it provides switched voice services, it will contract with the incumbent LECs to provide Sprint's customers with directory listings, as well as to undertake the distribution of directories. The Commission finds Sprint's request reasonable and grants the requested waiver of the application of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 2004), as well as 26 S.C. Code Ann. Regs. 103-612.2.3 (1976 and Supp. 2004) with regard to operating area maps. Further, Sprint is granted a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976 and Supp. 2004) requiring the Company to maintain its financial books and records within the State of South Carolina. Sprint is hereby granted permission to maintain its financial books and records at its principal headquarters, provided Sprint will make its records available for inspection at reasonable times as requested. Further, the Commission acknowledges that Sprint will maintain its financial books and records in conformance with GAAP. Sprint is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

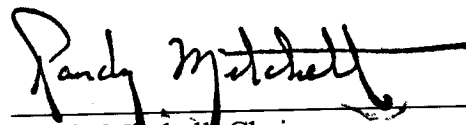
11. Each telecommunications company certified in South Carolina is required to file annually the Intrastate Universal Service Fund (USF) worksheet. This worksheet provides ORS with information required to determine each telecommunications

company's liability to the State USF. The Intrastate USF worksheet is due to be filed annually no later than **August 15th** with the Commission and ORS.


12. The Settlement Agreement between the parties is approved.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Randy Mitchell, Chairman

ATTEST:


G. O'Neal Hamilton, Vice Chairman

(SEAL)

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-407-C

March 2, 2006

IN RE:

**Application of Sprint Long Distance,
Incorporated for Authority to
Provide Resold and Facilities-Based
Competitive Local Exchange Service
in the State of South Carolina**

SETTLEMENT AGREEMENT

RECEIVED
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SC PUBLIC SERVICE
COMMISSION

This Settlement Agreement ("Settlement Agreement") is made by and between the Office of Regulatory Staff ("ORS") and Sprint Long Distance, Inc., ("SLDI" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, on December 29, 2005, the Company filed its application requesting a Certificate of Public Convenience and Necessity to provide resold and facilities-based competitive local exchange telecommunications services in the State of South Carolina. More specifically, SLDI seeks authority to resell and provide through its own facilities competitive local exchange services to residential and business customers throughout the State excluding those areas that are served by carriers that currently have a rural exemption under 47 U.S.C. § 251(f)(1). In addition, SLDI requests flexible regulation for its local exchange services in accordance with the policy and procedures set out in Order No. 98-165 in Docket No. 97-467-C, which was previously approved for Sprint

Communications Company L.P. in Order No. 2003-383 in Docket No. 2003-150-C. SLDI was previously granted authority to provide resold intrastate interexchange telecommunications services by the Public Service Commission of South Carolina (the "Commission") in Order No. 2005-689, issued on December 8, 2005, in Docket No. 2005-238-C.

WHEREAS, on January 18, 2006, the Commission issued a Notice of Filing and Hearing and set return dates for the hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on March 27, 2006;

WHEREAS, on December 29, 2005, SLDI pre-filed testimony of C. Steve Parrott with the Commission;

WHEREAS, the purpose of this proceeding is to review the application filed by the Company and its request for a Certificate of Public Convenience and Necessity;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the application and the financial data provided by the Company, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by the Company and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by the Company;

WHEREAS, as a result of its investigations, ORS has determined a) the Company intends to provide local services over a combination of delivery mechanisms through incumbent local carriers' unbundled loop networks, both copper and fiber and transport

networks, as well as via applicant constructed facilities; b) the officers of the Company possess sufficient technical and managerial abilities to adequately provide the services applied for; c) based upon the information provided and the analysis performed, the Company appears to have the financial resources necessary to provide the services proposed in its application; d) certain revisions should be made to the Company's illustrative tariffs in order to comply with state statutes and the Commission regulations; e) the services provided by the Company will meet the service standards required by the Commission; f) the provision of local services by the Company will not adversely impact the availability of affordable local exchange service; g) to the extent it is required to do so by the Commission, the Company will participate in the support of universally available telephone service at affordable rates; h) the provision of local services by the Company will not adversely impact the public interest; i) if the Application is granted, SLDI plans to commence offering service upon the establishment of the appropriate and necessary interconnection arrangements; and j) prior to commencing operations within the State, the Company will file a final tariff for approval.

WHEREAS, on February 27, 2006, SLDI filed and served its motion for expedited review of its Application and prefiled the verified testimony of C. Steve Parrott (the verified testimony of C. Steve Parrott was identical to that filed December 29, 2005);

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to a comprehensive settlement of all issues in this docket.

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree and consent to SLDI's motion to expedite the Commission's review of SLDI's Application. Consequently, the Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed verified testimony of SLDI Witness C. Steve Parrott, and further agree to stipulate the verified testimony of C. Steve Parrott into the record without hearing or cross-examination by ORS;
- 2) SLDI agrees to submit into the record before the Commission revised tariffs in accordance with ORS recommendations;
- 3) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide resold and facilities-based competitive local exchange telecommunications service within the State of South Carolina;
- 4) ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regs. 103-610 (location of books and records), 103-631 (publication of directories), 103-603 (Uniform System of Accounts) and any Commission rules or policies requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"), and the Parties agree to the reasonableness of a waiver of 26 S.C. Code Ann. Regs. 612.2.3 (Operating Area Maps);
- 5) ORS does not oppose the Company's request that the Commission allow it to employ a flexible local exchange rate structure as described in its application and as first authorized by the Commission in Order No. 98-165 in Docket No. 97-467-C;
- 6) When the Company interconnects at the same local tandem switch, the Company agrees to negotiate exchange of traffic arrangements with all incumbent local exchange carriers which interconnect at the same local tandem; the Company agrees to

file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;

7) The Company understands that there are many incumbent Local Exchange Carriers ("ILECs") which may wish to preserve their rural exemption under the Federal Telecommunications Act, as amended. No rural ILEC intervened or filed a protest with regard to SLDI's application in the instant docket. Nevertheless, as expressed in the verified prefiled testimony filed in this docket, the Company commits to those guidelines contained in the stipulation filed between the SCTC and Pac-West Telecomm, Inc. on December 5, 2005.

8) The Company agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, the Company agrees to adhere to the Federal Communication Commission rules 47 C.F.R. §§ 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, the Company shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

9) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center" also known as "911 service." The Company agrees to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with

information regarding the Company's operations. Attached as Exhibit 1 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

10) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B) (1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

11) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

12) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future

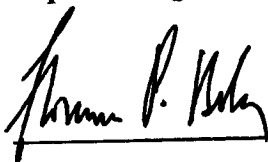
proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation;

13) This Settlement Agreement shall be interpreted according to South Carolina law;

14) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

Representing the Office of Regulatory Staff



Wendy B. Cartledge, Esquire
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Office of Regulatory Staff
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Docket No. 2005-407-C

Order No. 2006-167

March 17, 2006

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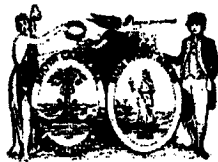
STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF RESEARCH & STATISTICS

EXHIBIT 1

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

RICHARD ECKSTROM
COMPTROLLER GENERAL



HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

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Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911.ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

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